

SENATE BILL REPORT

SB 5143

As Reported By Senate Committee On:
Government Operations & Elections, February 12, 2007
Ways & Means, March 5, 2007

Title: An act relating to agricultural land under the open space program.

Brief Description: Authorizing additional land used for housing to qualify under the open space program.

Sponsors: Senators Fraser, Swecker and Franklin.

Brief History:

Committee Activity: Government Operations & Elections: 2/08/07, 2/12/07 [DP].
Ways & Means: 2/21/07, 3/05/07 [DPS, DNP, w/oRec].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: Do pass.

Signed by Senators Fairley, Chair; Oemig, Vice Chair; Roach, Ranking Minority Member; Benton, Kline, Pridemore and Swecker.

Staff: Mac Nicholson (786-7445)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5143 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Brandland, Carrell, Fairley, Hatfield, Hewitt, Hobbs, Keiser, Kohl-Welles, Oemig, Rasmussen, Regala, Roach, Rockefeller and Tom.

Minority Report: Do not pass.

Signed by Senator Honeyford.

Minority Report: That it be referred without recommendation.

Signed by Senators Zarelli, Ranking Minority Member; Parlette and Schoesler.

Staff: Dianne Criswell (786-7433)

Background: Most property is valued or assessed at its true and fair, or highest and best, value for purposes of imposing property taxes. The State Constitution, however, allows the

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Legislature to enact legislation assessing certain types of real property at its present or current use for purposes of imposing property taxes. Two programs of current use valuation have been established: one program for forest lands and a second program that includes open space lands, farm and agricultural lands, and timber lands.

There are three classifications of farm and agricultural land, each of which must meet certain requirements as set forth in statute: (1) parcels over 20 acres; (2) parcels more than five acres but less than 20 acres; and (3) parcels less than five acres. For parcels over 20 acres to qualify for classification as farm and agricultural lands, the land must be devoted primarily to commercial agricultural purposes. For parcels between five and 20 acres to qualify for classification as farm and agricultural land, the land must generate \$100 or \$200 per acre in farm gross income depending on when the land was classified. For parcels under five acres, the land must generate \$1,000 or \$1,500 in farm gross income depending on when the land was classified.

Additionally, the land on which housing for employees and the principal place of residence of the farm operator or owner of classified parcels over 20 acres can be considered farm and agricultural lands if the housing or residence is on or contiguous to the classified parcel and the use of the housing or residence is integral to the use of the classified land for agricultural purposes.

Summary of Bill: Land on which housing for employees and the principal place of residence of the farm operator or owner of all classified parcels can be considered farm and agricultural lands if the housing or residence is on or contiguous to the classified parcel and the use of the housing or residence is integral to the use of the classified land for agricultural purposes.

EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Ways & Means): Eighteen thousand dollars of yearly gross income is required for four of five years to apply for and to continue to qualify for the current use farm and agriculture valuation for land underlying homes on parcels less than 20 acres. Income for this current use valuation can only be derived from horticultural products, floricultural products, plant cultivation products, viticultural products, fruit and vegetable products, and poultry and egg products. Evidence of annual income is required to be filed on an annual basis with the county assessor.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony (Government Operations & Elections): PRO: Local farmers who farm small acreage tend to be close to urban areas, where land values are increasing rapidly. Small farmers cannot survive if the land under the house is assessed at the highest and best use. Small farmers want to continue to farm, so land under the house on small farms should be treated the same as land under the house in larger farms. The land under houses on farms shouldn't be assessed differently based on whether the farm is over or under 20 acres.

Persons Testifying (Government Operations & Elections): Senator Fraser, prime sponsor; Nancy Laich; Kaleen Cottingham, Futurewise.

Staff Summary of Public Testimony (Ways & Means): PRO: There are a lot of small farms in Washington State that are engaging in high intensity and high value farming. Many of these farms were established in rural areas that have subsequently been developed. Market values of properties are increasing so quickly that these small farmers will be pushed off their land because they will not be able to pay property tax on the increasing assessed values of the land on which their homes lie. The current use program helps encourage small farms, which provide incredible benefits throughout the state. There are public benefits of small farms, including retention of open space, support for sustainable farming, and availability of produce and other agricultural products that can be purchased locally. This bill increases opportunities for small farmers.

Persons Testifying (Ways & Means): PRO: Senator Fraser, prime sponsor; Julie Puhich, Colin Barricklow, citizen.